

Message Text

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ACTION AID-59

INFO OCT-01 EA-11 ADP-00 EB-11 L-03 CIAE-00 INR-09 NSAE-00

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 1796

INFO AMEMBASSY PHNOM PENH PRIORITY

C O N F I D E N T I A L BANGKOK 4805

E. O. 11652: GDS

TAGS: EGEN, CB, TH

SUBJ: THAI RICE FOR CAMBODIA

REF: A. BANGKOK 4706

B. STATE 054964

C. PHNOM PENH 2679

1. DURING MARCH 26 MEETING WITH MINISTER OF COMMERCE PRASIT KANCHANAWAT, I RAISED QUESTION OF GKR'S PENDING REQUEST FOR RTG COMMITMENT FOR SALES OF AT LEAST 40,000 TONS OF RICE, MENTIONING MY FRIDAY MEETING WITH PRIME MINISTER (REF. A), AND POINTING OUT THAT RICE SITUATION IN CAMBODIA IS CURRENTLY VERY TIGHT, WITH LESS RICE ON HAND THAN THERE SHOULD BE IN VIEW OF CONTINUED FIGHTING AND TENUOUS SUPPLY LINES. PRASIT ASKED IF LON NOL COULD SUSTAIN PRESENT SITUATION. I SAID THAT DEPENDING ON VARIOUS MILITARY AND POLITICAL DEVELOPMENTS, WHICH I DISCUSSED BRIEFLY, I THOUGHT HE COULD WORK OUT HIS INTERNAL PROBLEMS, BUT THAT A RICE SHORTAGE WOULD CERTAINLY MAKE THAT MUCH MORE DIFFICULT.

2. PRASIT SAID RTG HAS AGREED TO SUPPLY ONLY 5,000 TONS THIS MONTH, AND IF NECESSARY COULD SUPPLY MORE, PERHAPS ANOTHER 5,000 TONS IN TWO OR THREE WEEKS AND SOMETHING ADDITIONAL LATER. HE ASKED ABOUT AVAILABILITY OF AMERICAN RICE. I REPLIED

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WE UNDERSTOOD US SUPPLIES ARE COMPLETELY COMMITTED AND THAT AT ANY RATE THE DISTANCE FACTOR WOULD PRECLUDE EARLY DELIVERIES. WITH RESPECT TO TOTAL 40,000 TONS SALE, PRASIT FINALLY SAID, " FROM MY SIDE, I WILL DO MY BEST."

3. PRASIT ASKED ABOUT FINANCING ARRANGEMENTS ALMOST IN PASSING. I REPLIED THAT WE COULD BE LEXIBLE, THAT PAYMENT WOULD BASICALLY BE PART OF THE US AID PROGRAM TO CAMBODIA. I SAID THAT IF IT WOULD HELP, WE COULD OFFER A LETTER TO THE RTG GUARANTEEING PAYMENT ON DELIVERY. QUESTION OF ADVANCE PAYMENT (REFS A AND B) WAS NOT RAISED, AND PRASIT DID NOT APPEAR OVERLY CONCERNED ABOUT FINANCING.

4. PRASIT WAS VERY CONCERNED ABOUT THE EFFECT WHICH A PUBLIC ANNOUNCEMENT OF A LARGE QUANTITY SALE OF RICE WOULD HAVE ON LOCAL RICE PRICES. (UNDER SECRETARY VICHARN NIVATVONGS, WHO WAS ALSO PRESENT, REEMPHASIZED THIS CONCERN IN A PRIVATE CONVERSATION IMMEDIATELY FOLLOWING THE MEETING.) ASKED ABOUT PRESS REPORTS APPEARING OVER THE WEEKEND THAT DEPUTY FOREIGN MINISTER CHARTCHAI CHUNAHAWAN HAD JUST RETURNED FROM TALKS IN PHNOM PENH WHERE AGREEMENT HAD BEEN REACHED ON THE SALE OF 40,000 TONS, PRASIT MADE IT CLEAR THAT NO AGREEMENT COULD HAVE BEEN REACHED SINCE CHARTCHAI WAS NOT AUTHORIZED TO NEGOTIATE ONE.

5. COMMENT: THE THAI OBVIOUSLY FEEL THEY HAVE A SERIOUS INTERNAL PRBLEM IN MAKING A PUBLIC COMMITMENT OF A SUBSTANTIAL SALE OF RICE, SINCE IT COULD HAVE A DANGEROUS EFFECT ON LOCAL PRICES WHICH THEY ARE TRYING TO CONTROL. IN MY JUDGMENT, HOWEVER, THEY WILL HELP CAMBODIA TO EXTENT ABSOLUTELY REQUIRED. PHNOM PENH 2737, JUST RECEIVED, BEARS ON THIS SITUATION.

UNGER

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